

Our work with communities

We make donations of money, medicines, time and equipment to support under-served communities around the world. The focus of this investment is on programmes that are relevant to our business and the skills of our people – improving healthcare and education. Full details of our criteria for giving support are available on gsk.com.

We believe that using some of our profits to benefit under-served communities is part of being a responsible company. It also supports our business by:

- demonstrating our commitment to tackling healthcare and education challenges
- making our employees feel proud to work for GSK
- improving our reputation with stakeholders

Community investment is not linked to short term business benefits and is not intended to create commercial markets for GSK.

Donations are made at group level to support disease prevention and increase healthcare capacity in developing countries, and by individual GSK sites to support local communities.

In 2006, our total community investment was valued at £302 million (\$558 million), equivalent to 3.9 percent of pre-tax profits.

Our objective is to ensure that projects are sustainable in the long term and will continue once our funding comes to an end. Most of our community investment is made through non-profit organisations that are experts in the field of healthcare and education. This helps ensure our giving is targeted effectively at the communities that need it most.

VALUE OF COMMUNITY INVESTMENT

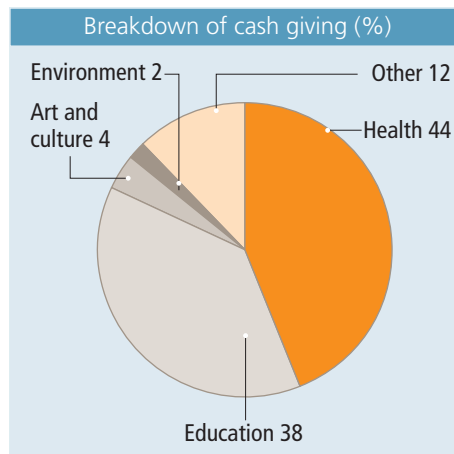
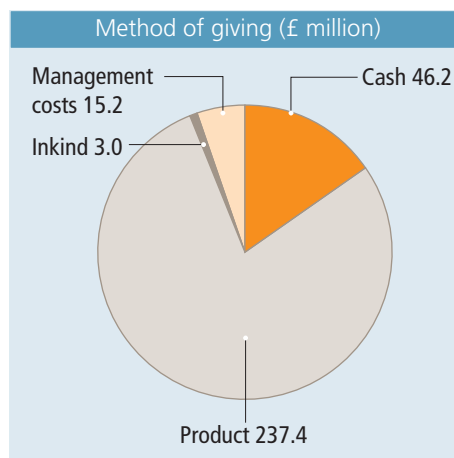
In 2006, GSK donations were valued at £302 million (\$558 million) compared to £380 million (\$691 million) in 2005. This is equivalent to 3.9 percent of pre-tax profits compared to 5.6 percent in 2005.

The introduction of a new Medicare prescription drug benefit in the US in 2006 meant fewer patients requested help through our Patient Assistance Programs. As a result we donated medicines worth £200 million (\$370 million) to low-income patients in the US compared to £255 million (\$464 million) in 2005. In addition we made £22 million (\$41 million) of humanitarian product donations for under-served communities around the world and donated albendazole tablets valued at £16 million (\$29 million) for the lymphatic filariasis elimination programme.

Our total community investment also includes £46 million (\$86 million) in cash grants and £15 million (\$28 million) in management costs.

GSK is a member of the UK's Percent Club for companies which donate at least 1 percent of their pre-tax profits to charitable causes. In 2006 GSK was listed sixth in the UK's Guardian Giving List which listed FTSE 100 companies by the percentage of pre-tax profits contributed to charitable causes during 2005. For the fifth year in a row we were the biggest overall giver in the value of our donations.

We belong to the UK's London Benchmarking Group (LBG) and the Committee Encouraging Corporate Philanthropy (CECP) in the US. We report our donations in line with CECP guidelines which value our medicines at wholesale acquisition cost, as with other pharmaceutical companies. Wholesale acquisition cost is the wholesale list price, not including discounts.



Awards in 2006

During 2006, we received:

- A World Business Award from the International Chamber of Commerce, the United Nations Development Programme and the Prince of Wales International Business Leaders Forum for our lymphatic filariasis elimination programme
- The Excellence in Corporate Philanthropy Award from the US based Committee Encouraging Corporate Philanthropy (CECP)
- The Frost and Sullivan 2006 Global Excellence Award in Malaria Prevention and Treatment
- The Star Business Commitment to Education Award from the Philadelphia Education Fund
- A Global Health Award for Leadership and Scientific Excellence from the New York Academy of Sciences
- A 'Platinum Ounce' Award from the Russian pharmaceutical industry for GSK Russia leadership in Multi-Coloured Lives project

INVESTMENT IN GLOBAL PUBLIC HEALTH INITIATIVES

The greatest contribution we can make to healthcare in developing countries is through research into new treatments and vaccines and preferential pricing that makes life-saving medicines more affordable.

However, we can also help to address barriers to access to medicines through our investment in community health programmes.

We donate money, medicines and expertise to support initiatives to improve healthcare and to raise awareness about disease prevention in developing countries.

We focus on five major programmes in the developing world:

- We are a founding member of the Global Alliance to eliminate lymphatic filariasis (LF or elephantiasis)
- Positive Action is our programme to reduce stigma and improve capacity for HIV and AIDS prevention and treatment
- Our African Malaria Partnership is supporting *Mobilising for Malaria*, an advocacy initiative to generate political commitment and funding to combat malaria, in addition to behaviour change initiatives
- PHASE is our education programme to prevent diarrhoea-related disease through hand washing
- We also donate essential antibiotics and other products in response to humanitarian disasters and to support basic healthcare provision in impoverished communities

These initiatives are all delivered in partnership with non-profit organisations, in 2006 we made the following progress.

Eliminating lymphatic filariasis (LF)

We are donating our medicine albendazole for the global programme to eliminate LF (www.filaria.org). LF is a disfiguring disease prevalent in tropical countries, which is transmitted by mosquitoes. It can lead to severe swelling of the arms, legs, breasts and genitals and thickening of the skin. LF is one of the world's leading causes of permanent disability with more than one billion people in 80 countries (over 15 percent of the world's population) at risk of infection.

The global programme led by the World Health Organization (WHO) and the governments of the endemic countries aims to eliminate LF by 2020 by treating the one billion people at risk. We have committed to donate free of charge as many doses of albendazole, our anti-parasitic drug used to prevent transmission of LF, as are needed to do this. We expect this to require billions of tablets. A team of GSK employees helps the Global Alliance in its advocacy, research, community mobilisation and education initiatives.

In 2006, we donated 155 million albendazole treatments (2005: 136 million), worth £16 million (\$29 million) valued at wholesale prices, to 34 countries. We have donated almost 600 million treatments since 1998. Two new countries joined the programme in 2006.

In 2006, we also gave £1.0 million (\$1.9 million) in grants to support the Global Alliance to Eliminate LF.

Several countries are starting to integrate the LF programme with other neglected tropical disease prevention initiatives, extending the benefits for public health. Zanzibar, for example, is taking an integrated approach by distributing treatments for two other parasitic diseases schistosomiasis (bilharzia) and onchocerciasis (river blindness) alongside LF treatments.

Each country aiming to eliminate LF must treat all at-risk people with two drugs (albendazole and diethylcarbamazine or Mectizan®) once a year for at least five years. So far, Egypt, several Pacific Island countries, Sri Lanka, Zanzibar and Togo have completed five annual mass drug administrations.

Now these countries will monitor their populations and evaluate the impact of the programme on the disease. In 2006, the Bill and Melinda Gates Foundation donated \$11.7 million for operational research to help them do this evaluation. An assessment conducted in Egypt showed that LF has been eliminated in most areas of the country.

In 2006, GSK and the Global Alliance received a World Business Award from the International Chamber of Commerce for the LF programme.

(Mectizan is a registered trademark of Merck & Co.)

Future challenges

Sub-Saharan Africa presents a significant challenge as many countries have yet to commence LF elimination programmes due to lack of funding and health infrastructure. Those countries that have started LF programmes need additional resources to enable them to scale up to reach their full at-risk populations. An additional challenge will be the integration of LF programmes with interventions for other neglected tropical diseases which may involve co-administration of albendazole with other medicines.

Positive Action on HIV and AIDS

Our Positive Action programme, set up in 1992, supports the communities most affected by HIV and AIDS. It aims to strengthen the capacity of community organisations providing HIV and AIDS prevention, education and healthcare services. A key area of focus is to reduce stigma and discrimination (a major barrier to controlling HIV and AIDS) and to increase the number of people coming forward for testing and treatment. It recognises that involving people affected by HIV and AIDS is key to controlling the HIV pandemic.

During 2006 we supported 19 Positive Action programmes running in 17 countries.

Activities in 2006 included:**Asia**

Asia is at tipping point – research suggests there may be a catastrophic HIV and AIDS epidemic in the region if disease prevention and treatment efforts do not improve. Access to HIV therapies and knowledge about how to use them correctly is critical to effective treatment. In partnership with the American Foundation for AIDS Research (amfAR), Positive Action is supporting TREAT Asia, a network of clinics, hospitals, research institutions and patient support organisations helping communities prepare for new treatment programmes being launched in the region. This includes community projects in China, Cambodia, Thailand and Vietnam and the creation of a regional advocacy network.

India has surpassed South Africa as the country with the most HIV infections in the world. Positive Action is supporting Freedom from Hunger's Reach India project which aims to tackle cultural and social factors that expose women in rural India to HIV. Reach India is using self help groups (an established and respected means for women to access information and support) to educate women about HIV and AIDS. It will reach 500,000 women and their three million family members over three years, and train local organisations in delivering education projects.

Mexico

2006 was the second year of our project with the International HIV and AIDS Alliance and Colectivo Sol in Mexico, to reduce stigma and discrimination associated with HIV and AIDS. Thirteen community organisations which help people living with HIV and AIDS (including gay men, sex workers and drug users) have joined the project. Colectivo Sol is helping them to identify the impact of stigma on HIV transmission and access to services, then work to address this through advocacy with the media, local police and health services and government.

Africa

We have committed £1 million (\$1.9 million) over three years to strengthen and integrate HIV and AIDS treatment into general healthcare clinics in Kenya. This will enable patients to avoid the stigma of visiting a dedicated HIV clinic and will help doctors to provide ongoing services to people diagnosed with HIV. Positive Action is now working with 70 clinics (over a third of the sites currently offering ARV treatment in Kenya) to identify the most successful approaches to improving take-up of ARV treatment.

Global

We sponsored the Global Village – the community exhibition and workshop area – at the International AIDS 2006 conference held in Toronto, Canada. This highlighted key issues for affected communities and stimulated dialogue and networking among the global community. Around 20,000 people attended.

We are also supporting a project with the International Council of AIDS Service Organizations (ICASO) to boost community-based advocacy which

will scale up national HIV prevention efforts. This is operating in ten countries, with high HIV prevalence – Ukraine, Russia, China, India, Kenya, Nigeria, Botswana, Rwanda, Belize and Jamaica.

For information on our preferential pricing arrangements for HIV and AIDS medicines, see page 22.

GSK's African Malaria Partnership

Our African Malaria Partnership has supported education and behaviour change initiatives in eight African countries, through partnerships with NGOs such as Freedom from Hunger, the African Medical and Research Foundation (AMREF) and Plan International. Since 2003, we have invested £0.9 million (\$1.7 million) targeting approximately two million people. We have fostered effective prevention and prompt treatment, particularly among young children and pregnant women, who are the most vulnerable to malaria. Our funding for these initiatives has now come to an end, but our support will have a long-term positive impact in the target communities.

However the scale of the malaria problem requires a significantly bigger response. We have given a £0.9 million (\$1.7 million) grant, over three years, to support Mobilising for Malaria, an advocacy initiative to generate greater awareness, political commitment and sustained funding to combat the disease. In 2006, national Coalitions Against Malaria were launched in the UK, Belgium, France, Ethiopia and Cameroon bringing together advocates and activists from the public sector, NGOs, the media, the private sector and the political, academic and scientific communities.

GSK won the Frost and Sullivan 2006 Global Excellence Award in Malaria Prevention and Treatment. The judges noted that GSK 'has made facing the challenge of malaria a key corporate responsibility issue, using its core business skills and resources, as well as philanthropic community programs, to contribute to global efforts to tackle this disease'.

Personal Hygiene And Sanitation Education (PHASE)

Every year more than two million people die of diarrhoea-related disease, mostly children in developing countries. These deaths can often be easily prevented through better hand washing and sanitation.

PHASE is helping to reduce diarrhoea-related disease by encouraging school children to wash their hands. We established PHASE in 1998 and since then we have invested over £1.7 million (\$ 3.1 million) into the programme.

PHASE is run in partnership with AMREF, Plan International and Save the Children – as well as Ministries of Health and Education in each of the countries.

Our approach to donations medicines

GSK follows the World Health Organization Interagency Guidelines for Drug Donations. These state that donations should be:

- made in response to an expressed need
- sent with prior consent
- labelled correctly
- have a minimum one-year shelf life

We do not donate medicines for diseases which require a continuous, assured supply.

We are an active member of the Partnership for Quality Medical Donations (PQMD), an alliance of pharmaceutical companies and charities that encourages best practice in the donation and delivery of medicines.

Multi-Coloured Lives in Russia

We support Multi-Coloured Lives to help improve the quality of life of disabled children in Russia. The programme brings together the Regional Charity Community Foundation, the Government of Moscow and GSK Russia. Six thousand children aged 9 to 12 years old with limited health capabilities are taking part.

Multi-Coloured Lives is using community-based communications such as TV, magazines, workshops, schools liaison and exhibitions to educate and gradually change individuals' perceptions of disabled people.

GSK Russia received a 'Platinum Ounce' Award for its leadership in Multi-Coloured Lives from the Russian pharmaceutical industry.

The programme has had impressive results. For example, evaluation data from a sample of PHASE schools in Nicaragua over a four year period show that the frequency of hand washing after using the toilet among pupils in participating schools increased five-fold, and the proportion of children reporting diarrhoea in a two week period fell from over 40 percent to just 13 percent.

In Bangladesh, which joined in 2005, PHASE has been implemented in 64 schools reaching 38,000 children so far. It has been integrated into the School Health and Nutrition Programme of Save the Children (our PHASE partner in Bangladesh).

PHASE was extended to Mexico and Tajikistan during 2006 and now operates in eight countries. The total number of children reached by PHASE is now estimated to be 375,000.

Future challenges

We plan to launch PHASE in Kibera, Kenya – Africa's largest slum. This will be the first time PHASE has operated in an informal settlement, creating a model for improving children's health in one of the hardest urban communities.

Humanitarian relief

GSK donates essential products, such as antibiotics, to help relief efforts in disaster areas and support basic healthcare provision in impoverished communities.

Donations are made at the request of governments and major charitable organisations and may be manufactured specifically for these partners. This enables charities to hold a range of medicines in stock so they can respond promptly in an emergency. We work in partnership with several relief charities including AmeriCares, Direct Relief, InterChurch Medical Assistance, MAP International and Project HOPE.

Activity during 2006

During 2006 we donated life-saving medicines worth £22 million (\$41 million) valued at wholesale prices, to support relief efforts and community healthcare in 99 countries.

Requests for our medicines are sometimes made to help people affected by conflict. This can be controversial and requires careful management. We seek to ensure equitable treatment in our approach, directing our commitment to support health needs and the provision of long term support, and to work with our partners to get essential drugs to doctors, patients, clinics and hospitals.

For example, in 2006 we made four shipments of our medicines to support people displaced by the conflict in Lebanon. This was in response to specific requests by our humanitarian aid partners. We provided supplies of *Augmentin*, *Amoxil*, *Zinacef*, *Zantac* and *Lanoxin* valued at over £216,000 (\$400,000), with the products being handled by our partners, AmeriCares, IMA and Direct Relief.

OUR INVESTMENT INTO LOCAL PROGRAMMES

We support a wide range of health and education initiatives in the communities where we operate. Donations are made centrally and by our sites in response to local needs.

Below are just a few examples of the many community partnerships we supported in our major regions in 2006:

Supporting Health

Europe

In addition to our long-term support for the 'Hole in the Wall' children's camps in Barretstown, Ireland and L'Envol, France we are giving £300,000 (\$555,000) each to programmes in five European countries to improve children's healthcare.

The other major country programmes are:

- Italy – Reading for Growing, a reading aloud programme for children with neuro-functional disabilities
- Romania – Beacon of Hope, a palliative care programme for children
- Slovakia – Change in Advance, a disease prevention programme for children on urban housing estates
- Spain – Children's Shelters, providing healthcare for homeless and abandoned children
- Russia – Multi-Coloured Lives. See sidebar.

International

We support major public health initiatives to tackle HIV and AIDS, lymphatic filariasis, malaria and diarrhoea-related diseases in developing countries.

In addition we are funding country-specific programmes, each with a grant of £200,000 (\$370,000), over three years.

Our other country programmes in our international region include:

- Brazil – Attituda Positiva, uses drama in schools to educate teenagers about HIV and good reproductive health
- Philippines – Pinoy Health Pass, Family Health and Well Being that provides health education for families on low incomes

UK

In 2006 GSK supported over 100 charitable organisations in the UK. This included over £580,000 (\$1.1 million) to support medical research by Asthma UK, the British Retinitis Pigmentosa Society, Deafness Research UK and the Muscular Dystrophy Campaign.

Other donations to support health charities included:

- The Princess Royal Trust for Carers 'Out of Hospital' initiative – a donation of £209,000 (\$387,000) over 3 years to develop guidelines and support for GPs and hospitals working with carers
- Myasthenia Gravis Association – a donation of £524,000 (\$969,000) over three years to provide specialist nurses for people suffering from Myasthenia Gravis, a chronic autoimmune neuromuscular disorder
- The Down's Syndrome Association 'Shifting Perspectives' – £100,000 (\$185,000) to support a photographic exhibition showing that people with Down's Syndrome can lead full, rewarding and semi-independent lives

Our IMPACT Awards recognise community organisations whose work has significantly improved health. Each year we award £275,000 (\$509,000) to a range of healthcare charities, selected by a panel of judges. In 2006 Hartlepool Families First was judged the overall winner for its work in bringing health services to deprived areas of Hartlepool in a refitted double-decker bus.

US

We are increasing our support for the Zone Health School Obesity programme run by the North Carolina Prevention Partners, following a pilot programme that successfully reached 8,000 children.

The programme provides elementary, middle and high schools in North Carolina and Philadelphia with a learning model to encourage healthy weight through nutrition, education and exercise. A new component of the programme will include distance learning.

The other programmes we support in the US include:

- The Children's Health Fund's Referral Management Initiative (RMI) which helps high-risk and homeless children receive the specialist medical care they need
- We recognise excellence in community healthcare in the Philadelphia area through our US GlaxoSmithKline IMPACT Awards. Each year up to ten non-profit organisations receive £22,000 (\$40,000) each to help them continue their work

Foundations

GSK does not operate a single charitable foundation for its community investment programmes, but has country-based foundations in Canada, Czech Republic, France, Italy, Romania, Spain and North Carolina in the US. Our local foundations support a wide range of charities and healthcare initiatives.

Since 1998 the GSK France Foundation has supported 77 programmes in 13 countries. These focus on people living with HIV and AIDS in developing countries and aim to improve healthcare through prevention, education and training. During 2006, 23 new programmes were implemented in six countries with grants of £469,000 (\$868,000).

The GSK Foundation Canada focuses on hospice care, helping terminally ill patients and their families. The Foundation also supports community programmes in Africa, including AIDS Orphans Uganda, a three-year programme building community support for vulnerable children in the Luweero District, working with African Medical Research Foundation (AMREF).

The North Carolina GSK Foundation in the USA is an endowed, self-funding organisation. It supports initiatives in the areas of mathematics, science and health education in North Carolina. In 2006, this Foundation awarded grants totalling £1.4 million (\$2.5 million).

SUPPORTING EDUCATION

GSK supports education in the UK and US with a particular emphasis on making science more relevant to young people and supporting professional development for science teachers.

Our education programmes help to increase the pool of potential future employees by encouraging young people to pursue science careers.

Science education in the UK

Puppets: Talking Science•Engaging Science is a new initiative launched in 2006 and sponsored by GSK, which uses puppets to increase children's understanding of science.

Research by the Nuffield Foundation found that when teachers used puppets in science lessons the children treated them as if they were real characters. The puppets engaged the pupils in helping them to solve science problems. As a result the children talked more about science which increased their understanding of the subject. This was particularly noticeable among low achieving children and those who did not normally speak in lessons. Typical remarks included 'It's like talking to a group of friends not a teacher' and 'I understand much better with the puppets'.

We have invested over £480,000 (\$888,000) to train 9,000 teachers in 4,500 UK primary schools to use the puppets effectively in science lessons. Schools will also receive a book of science based stories, an animated CD and two hand held puppets. In each story the two puppets are faced with a problem with a science theme, and ask the children to help them solve it.

Vietnam midwives

Since 2004, we have been supporting a unique training programme based in Tu Du Hospital, Ho Chi Minh City, Vietnam. The project is training 500 birth attendants to provide maternal healthcare services in rural villages. The project aims to reduce childbirth complications and decrease newborn fatality from the unacceptably high level of 6 percent.

Supported by Tu Du medical and nursing staff, and housed within a residential training centre built by GSK, the trainees spend four months gaining practical knowledge of maternal and child healthcare. Over 350 midwives have now graduated with a government-recognised qualification. Each midwife has been equipped with a medical pack and some are provided with a motor scooter to assist access to remote areas.

Crisis Open Christmas

Crisis Open Christmas offers much needed support for 1,500 homeless people across London during the festive season. In 2006, we supported Crisis in the following ways:

- Donations of food and clothing from GSK employees
- A donation to the Christmas card challenge campaign, instead of sending corporate Christmas cards
- A donation of £24,000 to cover the operating costs of their mobile medical service that visits the Crisis centres

In 2006 we announced funding for the CREST ★ Investigators education project. This programme will be run in partnership with the British Association for the Advancement of Science to provide science activities and awards for after school clubs in primary schools. By 2010, we aim for 5,000 schools and 55,000 children to be taking part.

Our support for INSPIRE (INnovative Scheme for Post-doctoral researchers In Research and Education), enables post-doctoral researchers to spend half their time in specialist science schools and to gain a Post-Graduate Certificate in Education (PGCE).

Education in the US

We are a founding partner of the Institute for a Competitive Workforce, a business coalition run by the US Chamber of Commerce to improve educational standards through partnerships between business and education providers.

We are working with the National Board of Professional Teaching Standards (NBPTS) by providing scholarships and an endowment of £541,000 (\$1.0 million) to increase the number of science teachers who are National Board Certified. So far we have focussed on North Carolina and Philadelphia but will now be expanded to all 50 states.

We support a range of local education initiatives in the US to help engage young students in science. Examples include:

- Science in the Summer, a free programme in Philadelphia, giving children the chance to participate in hands-on experiments and science courses
- We have been a major sponsor of the University of North Carolina's travelling science laboratory, Destiny, since its inception in 1999. Destiny serves approximately 100 under-served secondary schools and reaches 4,000 students per year

EMPLOYEE INVOLVEMENT

We encourage employees to contribute to their local communities as volunteers. This benefits the community and our employees who gain new experiences and skills.

Hundreds of employees give their time to good causes through our Days of Caring in the US, and to support school science education through our UK Science and Engineering Ambassador Scheme and US Partnership for Educational Discovery.

In the UK and US we make cash donations to charities where employees have done voluntary work. In 2006:

- The GSK Investment in Volunteer Excellence (GIVE) programme gave £183,000 (\$339,000) to 365 charities in the US where employees or their partners volunteered at least 50 hours
- Our Making a Difference programme provided grants of £225,000 (\$416,000) to over 380 charities where employees volunteered

In many countries we encourage employees to donate money to charity by matching the money they give or by providing tax-efficient ways for them to make a donation, in accordance with local taxation guidelines.

In 2006 in the US, GSK matched donations by employees and retirees at a value of £2.7 million (\$5 million). In addition, GSK gave £703,000 (\$1.3 million) to match donations by GSK employees through the annual GSK and United Way campaign.